

PUBLIC ABSTRACT

Applicant (primary) name: Kentucky Mountain Power, LLC
Applicant's address: 2810 Lexington Financial Center,
Lexington, Kentucky 40507

Team Members (if any): None
(listing represents only participants at time of application, not necessarily final team membership)
(Use continuation sheet if needed.)

Proposal Title: Kentucky Mountain Power, baseload coal and gob fired electric generating facility

Commercial Application: New Facility

Technology Type: Clean coal technology

Estimated total cost of project:
(May not represent final negotiated costs.)

Total Estimated Cost:	\$736,000,000*
Estimated DOE Share:	\$ 60,000,000*
Estimated Private Share:	\$676,000,000

*Reflects a portion of approximately \$30,000,000 of coal/gob to be used during initial operation. Does not include almost \$200,000,000 in “soft” costs and financing.

Anticipated Project Site(s): Kentucky Mountain Power, LLC, a baseload coal and gob fired electric generating facility.

Type of coal to be used:	Run of mine coal	Gob (coal waste)
	Primary	Alternate (if any)

Size or scale of project: Approximately 2,000,000 ton per year coal and 1,000,000 ton per year gob
Tons of coal/day input

And/or
Nominal 600 MW gross output Megawatts, Barrels
per day, etc.
Other (if necessary)

Duration of proposed project: 50 months
(From date of award) (Months)

PRIMARY CONTACT:

For additional information,
interested parties should contact:

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Vice President
(Position

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Brief description of project:

Kentucky Mountain Power (KMP)
Baseload Coal and Coal Waste (Gob) Fired
Electric Generating Stations

In response to challenges raised by the President, the Vice President, and DOE efforts with the National Energy Policy Development Group and good corporate citizenship; KMP is developing what will hopefully be among the first wave of new, clean coal fired power plants.

The KMP project is a 525 MW CFB Boiler Project which will use a combination of waste coal (gob) and run-of-mine coal. The project will use multiple technologies and strategies to reduce the impact of the plant on the environment.

Although the tasks ahead are great, they are achievable. KMP can help to meet America's energy challenge utilizing government resources and our talents to produce a cleaner and healthier environment and a stronger economy in our country with a resulting brighter future for people wanting to work in those communities.

Our power plant project near the town of Hazard in the mountains of Eastern Kentucky has all the required permits and could begin construction immediately. However, the Project faces several unique challenges and opportunities, including:

- waste coal utilization
- implementing a multi-pollutant strategy
- benign stabilized disposal of coal ash
- co-generation water and steam supply
- energy efficiency
- fuel supply

While providing valuable data and experience that may well form the basis of many energy policy plans and show the way for new much needed power plants, Kentucky Mountain Power's projects will meet the energy needs of today. Those plants will offer a healthier environment, a stronger economy and a brighter future.

Our total Kentucky Mountain project costs, including financing and soft costs, will be approximately \$900 million. Unfortunately, "day ahead" market traders have not monetized the present value of the future base load energy shortage and the need for clean coal, energy efficient C-4 power plants as called for in the National energy Policy. Since they are now placing little value on these benefits, the Kentucky Mountain project may become stalled.

To enable this project to go forward quickly, we respectfully request your assistance in helping us to "level the playing field" by providing partial cost support for the following areas hereinbefore described in more detail:

waste coal utilization	\$ 31 million
multi-pollutant strategy	24 million
coal ash disposal	10 million
co-generation	48 million
energy efficiency	42 million
fuel	30 million
	\$185 million

If DOE could and would over the next few years co-fund \$60,000,000 of the \$185 million "extra" costs that are a part of our \$900 million total project responsibility; then this project could be accelerated and used as an example for those that will need to follow. Overcoming this pioneer

premium will give other solid fuel developers the confidence that it can be done. In this way, DOE can show the way to increased American energy independence and help to meet the goals outlined in the National Energy Policy.

We would respectfully request that these funds be drawn down as they are expended on a roughly equal basis over a nominal three year construction period and then during our first year of operation. The first draw might be expected in Spring of 2003 as part of the FY03 budget and appropriations. \$10 to \$15 million federal co-funding per fiscal year could make the difference in Kentucky Mountain going forward in a timely manner or not.